

VZCZCXRO7052
RR RUEHAST RUEHBI RUEHCI RUEHDBU RUEHLH RUEHPW
DE RUEHNE #3654/01 2221135
ZNR UUUUU ZZH
R 101135Z AUG 07
FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC 7465
INFO RUEHCG/AMCONSUL CHENNAI 1144
RUEHCI/AMCONSUL KOLKATA 0627
RUEHLH/AMCONSUL LAHORE 4085
RUEHBI/AMCONSUL MUMBAI 0304
RUEHPW/AMCONSUL PESHAWAR 4623
RUEHIL/AMEMBASSY ISLAMABAD 3786
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RULSDMK/DEPT OF TRANSPORTATION WASHDC
RHMFIUU/FAA NATIONAL HQ WASHINGTON DC
RUEHRC/DEPT OF AGRICULTURE WASHDC
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

UNCLAS SECTION 01 OF 02 NEW DELHI 003654

SIPDIS

SENSITIVE
SIPDIS

USDOC FOR ITA/MAC/OSA/LDROKER/ASTERN/KRUDD
DEPT OF ENERGY FOR A/S KHARBERT, TCUTLER, CZAMUDA, RLUHAR
DEPT PASS TO USTR DHARTWICK/CLILIENTFELD/AADLER
DEPT PASS TO TREASURY FOR OFFICE OF SOUTH ASIA ABAUKOL
TREASURY PASS TO FRB SAN FRANCISCO/TERESA CURRAN
STATE FOR SCA/INS AND EB/TRA JEFFREY HORWITZ AND TOM ENGLE

E.O. 12958: N/A

TAGS: [EAGR](#) [EFIN](#) [EINV](#) [ETRD](#) [ENRG](#) [SENV](#) [IN](#)

SUBJECT: NEW DELHI WEEKLY ECON OFFICE HIGHLIGHTS AUGUST 6-10

REFERENCE: A) CHENNAI 00187, B) MUMBAI 459

NEW DELHI 00003654 001.2 OF 002

¶1. (U) Below is a compilation of Economic highlights from Embassy New Delhi for the week of August 6-10, 2007.

KERALA RE-TENDERS \$580 MILLION
PORTIMPROVEMENT PROJECT AFTER
CHINESE BID REJECTED

¶2. (U) Kerala has re-invited global bids for a \$580 million project to develop a deepwater seaport and container transshipment terminal at Vizhinjam, near the southern tip of the Indian peninsula. The government of Kerala had awarded the project to a Chinese consortium in 2006, but the state was forced to re-tender because India's central government refused, despite much pressure from Left parties, to grant the necessary security clearances (reftel). The project aims to increase the depth of the port from 16 meters to 18.7 meters, which would accommodate ultra large container ships, including "Suezmax" vessels capable of transporting 12,000 20-foot containers each. Details of the project can be viewed at www.vizport.org. (Reftel A).

SEBI CHAIRMAN DAMODARAN
SPEAKS ON REGULATION

¶3. (U) On August 9, Securities and Exchange Board of India (SEBI) Chairman, M. Damodaran delivered the prestigious annual JRD Tata Memorial Lecture. Damodaran, a very relaxed and often witty public speaker, avoided policy signals and spoke generally about India's environment. He called for a transparent process in the appointment of regulators, with adequate compensation and fixed tenures. The SEBI Chairman noted critically that India is setting up more financial regulatory organizations rather than enlarging and strengthening existing ones. Damodaran also claimed that India is pushing some self-regulation, but that industry is resisting the responsibility. He underscored the need for functional as well as

budgetary autonomy for the financial regulators. At the same time, he chastised those in government - and industry - who think the government has a "remote control" to command actions from within the regulator. Finally, Damodaran stated that he was confident that Mumbai could become an international financial hub, but reiterated a previous assertion that time was short for Mumbai to do so before others surpassed the city and made it redundant (Reftel B).

SINGAPORE'S BILATERAL ECONOMIC
AGREEMENT WITH INDIA

¶4. (SBU) Econoff met on August 3 with Singapore Embassy First Secretary Timothy Chin and discussed the status of the

SIPDIS

India-Singapore Comprehensive Economic Cooperation Agreement (CECA), which the two countries signed in 2005. Chin started by noting that the two sides had just concluded their first two-year review of the agreement, aimed at expanding it. He assessed that the discussions went well and finalization on the expanded agreement should be done relatively quickly.

¶5. Chin then commented ruefully that Indian officials often moved uncomfortably slowly and bureaucratically in implementing the CECA. However, he noted that his government felt a strong commitment to strengthening the economic relationship, despite the challenges. Chin offered a metaphor - that in Asia, China and India are the wings of economic growth, but ASEAN is the body of the plane, i.e., the regional group is economically buoyed by linkages to both large countries. When Econoff asked specifically about the bank branch portion of the agreement, Chin conceded that Indian officials had tried to revisit the provision in the 2005 CECA that Singapore should receive 14 new branches within five years, which is on top of India's WTO obligation of 12 new foreign branches a year. The recently-concluded discussions had resolved the issue satisfactorily, Chin stated, and Singaporean banks would soon get more branches in India.

NEW DELHI 00003654 002.2 OF 002

¶6. (U) Visit New Delhi's Classified Website:
<http://www.state.sgov/p/sa/newdelhi>

WHITE